

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Senator Stan Clark at 9:30 a.m. on February 12, 2002 in Room 231-N of the Capitol.

All members were present except: Senator Robert Tyson (excused)

Committee staff present: Raney Gilliland, Legislative Research
Emalene Correll, Legislative Research
Bruce Kinzie, Revisor of Statutes
Ann McMorris, Secretary

Conferees appearing before the committee:
Ken Peterson, Kansas Petroleum
Jim Daniels, Murfin Drilling, Wichita
Terry Leatherman, Kansas Chamber of Commerce

Others attending: See attached list

The chair opened the hearing on:

SCR 1618 - Resolution urging Congress to open the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration and production

Proponents:

Ken Peterson of Kansas Petroleum Council spoke in support of **SCR 1618**. In addition to his written testimony, he provided a colored brochure on "Which One is the REAL ANWR?" and an information brief on the "Myths of ANWR". (Attachment 1)

James R. Daniels, EVP, Murfin Drilling Company, Inc., described the area where current oil and gas exploration and production are being conducted. He has visited the site being considered in this resolution and described the conditions and opportunities. (Attachment 2)

Terry Leatherman, vice president - Legislative affairs, Kansas Chamber of Commerce and Industry, expressed the Kansas Chamber's support. (Attachment 3)

Opponent:

Written testimony in opposition to **SCR 1618** was submitted by Charles M. Benjamin on behalf of the Kansas Chapter of the Sierra Club. (Attachment 4)

The chair closed the hearing on **SCR 1618**.

The next meeting of the committee will be February 13, 2002.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 4



Comments Submitted to the Senate Utilities Committee
By Ken Peterson, Kansas Petroleum Council

In Support of SCR 1618
Urging Congress to Allow Oil and Gas Exploration
On the Coastal Plain of the Arctic National Wildlife Refuge
February 12, 2002

Mr. Chairman and members of the Committee, thank you for allowing me the opportunity to offer these comments on Senate Concurrent Resolution 1618. I appreciate the decision of the committee to bring this issue up for discussion and rise in support of the resolution.

Drilling in the Arctic National Wildlife Refuge is actually a misnomer. Exploration and production would take place on the Coastal Plain, an inhospitable area where the winter lasts for nine months and the wind chill can reach minus 110 degrees F. It is located more than 200 miles north of the Arctic Circle. In midwinter, it is continuously dark for 56 days. This is not a place where one can go for a pleasant picnic in the park.

Myths and outright fabrications about ANWR have sprung up over the years to the point where they are accepted as fact. These distortions and untruths should be shattered. I have included with these remarks a couple of myth-debunkers that I hope the committee will find informative as it considers this Resolution.

The materials were prepared by a group called Arctic Power, an organization composed largely of local citizens, including the Eskimo people who live and work exclusively in the Coastal Plain. They support production because it provides a tax base for local government. Development provides jobs, funding for water and sewer systems and for schools.

Environmental concerns are the obvious driving force behind the ANWR and Coastal Plain controversy. We all want to protect Alaska's wilderness. At the same time, oil and natural gas reserves in Alaska are vital to guaranteeing a steady supply of affordable energy to our nation. The oil and gas industry has made tremendous advances in technology that preserve important environments like the North Slope of Alaska.

Protecting the environment and providing the nation's energy needs is not an either/or proposition.

The industry's technological advances make exploration and production on the North Slope the cleanest and most advanced – and most heavily regulated – practices in the world.

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An example includes ice roads that melt away with the spring thaw. Modern drills can change direction under the surface, so dozens of wells can be clustered in an area with a “footprint” of only six acres. That leaves more open land and habitats untouched.

Wells can reach out to a distance of 5 miles from the surface location and hit a target the size of a refrigerator located at a depth of 10,000 feet. Pipelines are elevated to allow wildlife, such as migrating caribou, to pass safely underneath. The elevated pipelines have elbows that provide an added measure of protection in the event of an accidental release. At most, only the oil in the pipeline between a given pair of elbows could be spilled.

Finally, one of the arguments against development on the Coastal Plain has been that the estimated 10.8 billion barrels of reserves is only a 200-day supply of oil, that this development should be a “last resort.” Production in this area is not a spigot that can be turned on and off with fuel magically appearing in the lower 48. Even if the Coastal Plain were opened up today, it would take seven to 10 years and possibly longer before the first oil reached American consumers.

Pipelines have only so much capacity, and production from the Coastal Plain would be added to existing domestic sources over time. Supplies from this new production would last for 25 years, according to conservative estimates.

This debate is now part of a national energy bill under consideration in Washington. The House voted 206-223 in August against an amendment to remove ANWR from the bill, and attention has shifted to the Senate where the issue’s fate is uncertain.

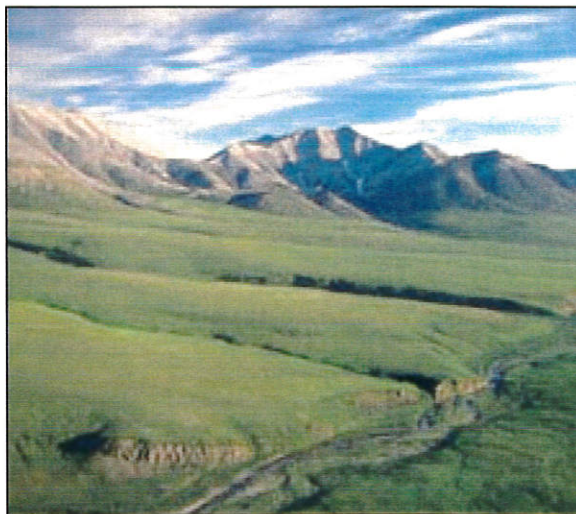
Mr. Jim Daniels of Murfin Drilling Company in Wichita is appearing today as a proponent of this resolution. He is one of two associate Kansas representatives to the Interstate Oil and Gas Compact Commission. He has visited the North Slope, a remote area that few of us will ever see. I think you will find his comments and observations very interesting.

Thank you for allowing the submission of these comments. We encourage your support of SCR 1618.

WHICH ONE IS THE REAL ANWR?



AOGA



Danny Lehman

The one on the *right*, right? Majestic mountains. Sweeping panoramas. The Serengeti of the North. The last remaining Arctic ecosystem. Pristine. Untouched. Home to millions of animals. Caribou, bears, wolves, muskox.

Well, you're mostly correct. 8 million acres of The Arctic National Wildlife Refuge (ANWR) looks just like that picture. But that land is already designated as Wilderness. And over 9 million more acres are classified as a National Wildlife Refuge. No one can touch that land, ever. That 17 million acres is off limits to any kind of development. In fact, combined with the rest of the land designated as Wilderness in Alaska, we're talking about an area the size of four or five States in the lower 48. Alaska alone has over 60 % of all federally-designated Wilderness lands.

Look again at the picture on the left. And listen to some facts.

These facts aren't as pretty or as emotionally appealing. But they are important for anyone involved in the ANWR debate. On the coastal plain, the Arctic winter lasts for 9 months. It is dark continuously for 56 days in midwinter. Temperatures with the wind chill can reach -110 degrees F. It's not pristine. There are villages, roads, houses, schools, and military installations. It's not a unique Arctic ecosystem. The coastal plain is only a small fraction of the 88,000 square miles that make up the North Slope. The same tundra environment and wildlife can be found throughout the circumpolar Arctic regions. The 1002 Area is flat. That's why they call it a plain.

MYTHS



ANWR

INFORMATION BRIEF

Myths of ANWR:

In 1980, the 1.5 million acre Coastal Plain of the Arctic National Wildlife Refuge was specially designated by Congress for further study of its oil and gas potential. Much of the rest of ANWR's 19 million acres is already designated as Wilderness.

Groups seeking to stop oil exploration in Alaska want to designate the Coastal Plain as Wilderness (half of ANWR is formally designated Wilderness now), and present several misleading arguments:

Here are the "myths" being told about ANWR, and the truth:

***Myth:** *All of Alaska's Arctic coast is open to oil and gas development.*

Reality: With the exception of the area between the Colville and Canning Rivers (which is owned by the state of Alaska) none of the more than 1000 miles of Arctic Alaska coastline is open to oil and gas leasing, not one mile of it.

***Myth:** *The state of Alaska will get 90 percent of any royalties from oil production in ANWR's Coastal Plain.*

Reality: The federal government won litigation in the Supreme Court of the United States which allows congress to determine the share of revenues with the State of Alaska. Congress wants 50/50.

***Myth:** *Alaska's indigenous people are against oil exploration in the Coastal Plain.*

Reality: Alaska's Inupiat Eskimo people, who live on the North Slope (one village, Kaktovik, is the only community within ANWR) strongly support onshore oil and gas exploration in the Coastal Plain, and elsewhere on the North Slope. Some of the Gwichins, who live 150 miles south of the Coastal Plain, are opposed to development. The Gwichins leased their own lands for oil exploration, but no oil was found. Now they oppose the Inupiat's having the same rights to explore.

***Myth:** *We need to save ANWR's oil for our grandchildren.*

Reality: It will supply our children and grandchildren. If the Coastal Plain was opened today it would be 7 to 10 years, and possibly longer, before the first oil reached American consumers. Oil from the Coastal Plain will supply America in a time when oil from foreign sources will certainly be more expensive and in shorter supply than today.

***Myth:** *The Coastal Plain may have only a 200 day supply of oil. That is not worth developing.*



"Grizzly bears in the Arctic National Wildlife Refuge want the straight scoop."

Reality: A 200 day supply is almost 4 billion barrels. The Coastal Plain probably contains much more oil, but it can be produced at a maximum rate of 2 million barrels per day (capacity of the trans-Alaska oil pipeline).

Therefore, it could last for 25 years, and probably much longer.

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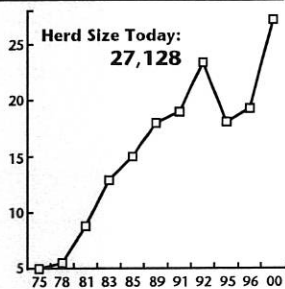
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Do the caribou really care?

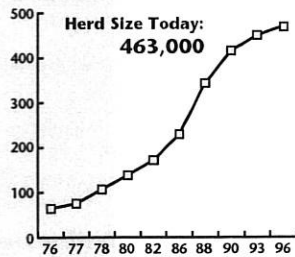
Are caribou adversely affected by oil development on the North Slope? The answer is no, based on thirty years of scientific observations. The Central Arctic Herd, which uses the area around Prudhoe Bay, has increased five fold in population since oil development started in the early 1970s. There are four major caribou herds in northern Alaska. Besides the Porcupine and Central Arctic Herds, there is the Western Arctic Herd, which is more than twice the size of the Porcupine Herd, and the smaller Teshekpuk Lake Herd. Populations of these herds rise and fall by natural cycles. Three decades of oil and gas activity in the central North Slope has had no negative impact.

Central Arctic Herd:

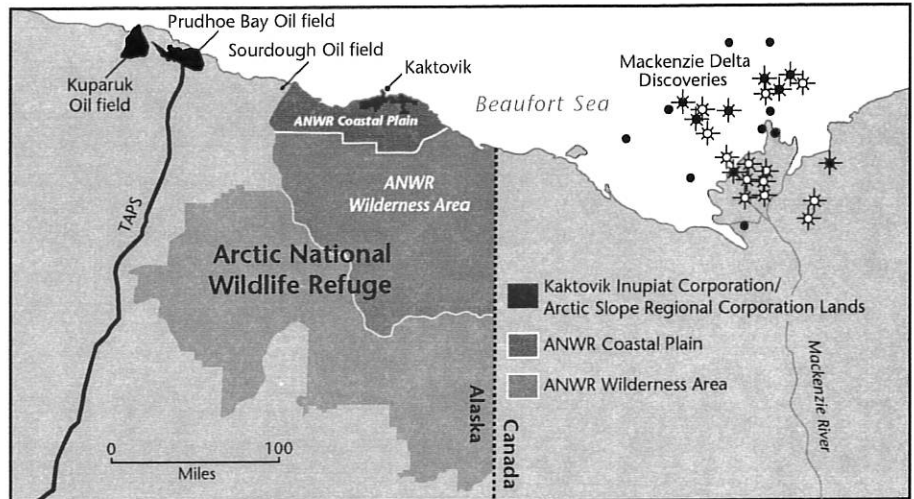
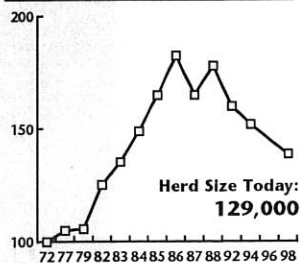
Number of caribou times 1,000



Western Arctic Herd:



Porcupine Herd:



Source: Alaska Department of Natural Resources

Myths of ANWR: Don't be misled

FROM FRONT SIDE

***Myth:** Development of the Coastal Plain will destroy the caribou.

Reality: The same claim was made about the trans-Alaska pipeline more than 2 decades ago, but today North Slope caribou herds along the pipeline and near the North Slope oil fields are thriving.

***Myth:** ANWR's oil will be exported, and will not reduce our dependency on foreign oil.

Reality: Since May 2000 no oil from the North Slope has been exported. Exports can be stopped by a Presidential order. The U.S. exports advanced technologies, much more valuable and unique than oil. Few object to that.

***Myth:** Alaskan oil development is environmentally damaging.

Reality: The North Slope's petroleum industry is the cleanest, most technologically advanced and most heavily regulated in the world. Facilities are designed for minimal environmental impact.

***Myth:** The Coastal Plain is unspoiled wilderness, an Arctic Serengeti.

Reality: This is no Serengeti. The Coastal Plain is a frozen, barren land for 9 months of the year. The Inupiat people have lived and hunted there for centuries; 19th century whalers hunted extensively for food; military and defense contractors built DEWline radar sites; recreation groups use it for rafting and hiking. Other areas of the North Slope are more biologically sensitive than the Coastal Plain.

ANWR Facts:

- Refuge totals 19.6 million acres.
- 8 million acres designated Wilderness;
- Coastal Plain, 1.5 million acres, set aside by Congress for study of oil potential;
- Only a small percentage of Coastal Plain, about 2,000 acres, would be impacted by oil development;

The Coastal Plain is not a pristine wilderness:

- A community, Kaktovik, exists in the Coastal Plain; Military installations operate in the plain now and in the past.

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See our web site at: www.anwr.org

February 2001

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MURFIN
DRILLING
CO., INC.



CONTRACTORS AND PRODUCERS

February 11, 2002

Mr. Chairman and Members of the Kansas Senate Utilities Committee, thank you for allowing me to present these comments on Senate Resolution 1618.

I am the Executive Vice President of Murfin Drilling Company, Inc. with whom I've been an employee for 35 years. My entire career, of approximately 49 years, has been in the oil and gas industry. My father before likewise spent his entire career, of 40 plus years, in the industry. I serve as an Associate Official State Representative of the Interstate Oil and Gas Compact Commission (IOGCC), having been first appointed by Governor Finney in 1993, and reappointed by Governor Graves in 1995. It was in this capacity that I was afforded the opportunity to twice visit oil and gas operations on Alaska's North Slope in May of 2001.

But before describing what I saw, let me give you a few statistics on the area in which oil and gas exploration and production are currently being conducted, and which are located on the Artic plane and just off shore in the Bering Sea, well to the north of the Brooks Mountain Range and to the west of ANWR, the subject of the Resolution. The area is slightly larger than the State of Kansas. Of some 12,000 people who reside there, approximately 4,000 are employees living at Prudoe, Endicott, Kuparek, Alpine and outlying oil and gas related facilities. Between 7,500 and 8,000 are natives, mostly Eskimos who have been here for generations.

The area is now serviced by one all weather road, of approximately 400 miles in length, which trends north roughly paralleling the pipeline from Fairbanks to the south, ending at Prudoe. This is the only access by vehicle to lower Alaska. Oil pipeline with a

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capacity of approximately 2,000,000 barrels oil per day, currently running at less than one-half capacity, services the oil fields. It starts at the Prudoe facility and goes nearly south for about 800 miles where it reaches Valdez, an all weather port on the Gulf of Alaska, from whence oil is shipped by tanker to California or other destinations in the United States. Other year around transportations is furnished by air. Two airstrips, capable of handling Boeing 737 jets, one at Prudoe and one at Kuparek, plus numerous smaller strips, are strategically located. The last method is by water, during a less than two-month late summer time, when the Bering Sea is open.

My first of two trips was made on May 12, 2001, when I accompanied IOGCC representatives from most of the oil and gas producing states on a one day visit to Prudoe Bay and Endicott off shore island production facilities. Our hosts were BP Amoco and Phillips, and transportation was on a charter Alaska Airlines 737. Prudoe is still the largest producing field, and is the oldest, being such, local roads to Endicott and Kapurek emanate there. The facilities at each of the major producing pads are completely self-contained, as people man them 24 hours a day, 365 days a year. They generate their own electricity; refine some oil into fuel, although tanker trucks bring some in. They have medical teams, laborers from cooks, maids, and maintenance personnel to the highest paid engineers and managers. They have environmental teams constantly monitoring the area. Prudoe itself was developed utilizing surface wellhead locations one hundred (100) feet apart. Better drilling technology and production equipment has enabled wellheads to be only ten (10) feet apart, thus greatly reducing the size of a surface facility. Endicott, which is a man made island in the Bering Sea and serviced by a man made gravel causeway, is a newer facility, where the closer wellhead spacing was employed. The immediate impression I got was the extreme attention paid to safety and the environment. Even the slightest spill is quickly eliminated. Each vehicle has a tarp or plastic device that is placed under it when parked so if oil drops it is caught. Wells are drilled thru several hundred feet of permafrost, necessitating well bores to be insulated to prevent thawing. All buildings are on stilts to prevent thawing, as are the local gathering pipelines and the Alaska Pipeline itself, where it crosses frozen ground. While it was early, with temperatures

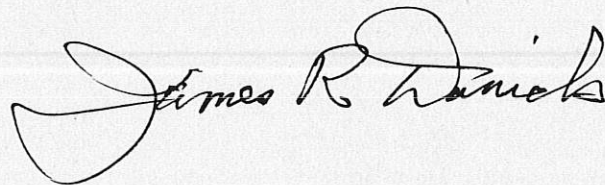
ranging from a low of 10 to 15° F to a high of 20-25° F and sun shown over 20 hours per day, I noticed wildlife such as three grizzly bears near the Prudoe Camp, wild geese and ptarmigan along the road, the latter at Alpine in particular. Employees are instructed never to harm or interfere with wildlife. Polar bears are studied by naturalists, who live at Endicott during certain times of the year. I can't speak as to vegetation, as snow was still on the ground during both of my visits. Prudoe was impressive; Endicott probably more so by its compactness but my second visit, to the Alpine facility at the invitation of Phillips Petroleum, was the most outstanding.

The IOGCC awarded Phillips its Stewardship Award for 2001 at their meeting in Anchorage, May 13 – 15. As Chairman of the IOGCC Stewardship Committee, Phillips, in particular Tom Manson and Shannon Donnelly, Phillips two Alpine environmental specialists, invited me to tour the facility. On Tuesday, May 22, flew as a passenger on a scheduled Alaska Airline 737, this time from Anchorage to the Kuparek base facility, and from there by a twin engine Casa aircraft to Alpine itself, some 70 miles away. The Casa services small strips at native villages and oil facilities on the Alaskan North Slope. At Alpine, was given an orientation on the complete project, from a diagram of the underground well locations thru all the surface facilities. Nearly 44,000 acres of productive oil and gas underground reservoir has been developed from approximately ninety-five (95) acres of surface facilities, which includes the airstrip on which four (4) engine DC6 cargo planes can land. Alpine has no permanent roads, either to outlying facilities or to Kuparek. It relies on ice roads which are built, usually starting in late November and completed in late December or early January, but not operable after April. All exploration activities are on ice pads, serviced by ice roads; hence, all drilling occurs from January thru all or part of April, three (3) to a maximum of four (4) months of the year. Helicopters fly the area after the melt, to specifically monitor where the ice roads and pads were, to see if any damage to the Tundra occurred. All personnel are schooled, not only in their specific job, but also comprehensively in safety and the environment. As stated, Alpine was developed utilizing ten (10) foot wellheads. I was afforded the opportunity at a satellite pad to see a development well being drilled. The entire rig is on giant rubber tires. When a well is completed, the rig can move in an upright position ten (10) feet and be drilling again within six (6) hours. All drilling mud is

recycled, or if not reusable, is disposed of, along with cuttings from drilling operations, into an underground disposal facility (well). Nothing is left on the surface.

I can personally attest to the safety and environmental consciousness with which operations are being conducted, and have many pictures as proof. Have seen wildlife close to oil field operations. On top of all the company specifications, the State of Alaska, and where Federal lands are involved to the west of Alpine on the old Alaska Naval reserve which was opened for leasing, Federal personnel monitor operations. Am convinced ANWR can be developed safely and with the same environmental precautions. The United States needs the oil. The nearly one million barrels per day it could produce to fill the pipeline, would replace oil currently being purchased from the Middle East. Moreover, it will mean a better standard of living for native Alaskans, who could then have better educational opportunities, better job opportunities, a better standard of living, and better access to the rest of Alaska and the world. Kansas companies and individuals may also benefit. I personally know of at least eight Wichita residents who have invested considerable time, effort and money in the north slope of Alaska, and own several thousand acres of oil and gas leases there.

Again, thank you for allowing me the time to make this presentation.

A handwritten signature in black ink that reads "James R. Danick". The signature is written in a cursive style with a large, sweeping initial "J".

LEGISLATIVE TESTIMONY



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SCR 1618

February 12, 2002

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
Senate Committee on Utilities

by

Terry Leatherman
Vice President – Legislative Affairs
Kansas Chamber of Commerce and Industry

Mr. Chairman and members of the Committee:

I am Terry Leatherman. I am the Vice President of Legislative Affairs for the Kansas Chamber of Commerce and Industry. Thank you for the opportunity to express the Kansas Chamber's support for SCR 1618.

KCCI supports the development of a comprehensive energy policy that includes promoting the development of domestic energy sources. U.S. reliance on foreign oil imports now exceeds 50% and

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

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is growing. America's best opportunity to increase oil production appears to be through development of the coastal plain of Alaska. According to the Department of the Interior, there is a 46% probability that 9.2 billion barrels of oil might be recovered from this region of the Alaska National Wildlife Refuge.

Development of the coastal plain of Alaska would also be accomplished without conflict to conservation of natural resources. Oil exploration can be done in concert with the region's wildlife and environmental protection.

As a result, KCCI would urge this Committee recommend SCR 1618, sending the message to Congress on this important public policy matter. Thank you for considering KCCI's position on this issue. I would be happy to respond to any questions.

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Testimony Before the Senate Utilities Committee
In Opposition to Senate Concurrent Resolution No. 1618
On Behalf of the Kansas Chapter of the Sierra Club
February 12, 2002

Mr. Chairman, members of the Committee, thank you for the opportunity to present this testimony in opposition to SCR No. 1618 urging the Congress of the United States to open certain areas of the Arctic National Wildlife Refuge (ANWR) to oil and gas production.

I am presenting this testimony today on behalf of the Kansas Chapter of the Sierra Club. The Sierra Club is the largest grass roots environmental organization in the world with over 700,000 members, including 4,000 members in the Kansas Chapter. The mission of the Sierra Club is:

To explore, enjoy, and protect the wild places of the earth;
To practice and promote the responsible use of the earth's ecosystems and resources;
To educate and enlist humanity to protect and restore the quality of the natural and human environment; and to use all lawful means to carry out these objectives.

The public policies that the Sierra Club supports can be found at the web site for the national Sierra Club at www.sierraclub.org and the web site of the Kansas Chapter at www.kssierra.org.

I have attached to this testimony, for your information, copies of pages from the Sierra Club web site at <http://www.sierraclub.org/wildlands/arctic/> and <http://www.sierraclub.org/wildlandsarctic/oilfactsheet.asp>. I believe that these pages should adequately explain the Sierra Club's position on oil drilling in the Arctic National Wildlife Refuge. I hope you find this information useful.

The Sierra Club's position on U.S. dependence on foreign oil would concur with the fourth paragraph of this resolution that states: "The security of the United States requires less dependence on foreign oil, the importance of which is underscored by the events of September 11, 2001". However, the Sierra Club's position would disagree with the conclusion in the next paragraph of the resolution that "development of the oil and gas resources of the Arctic Coastal Plain area of ANWR would substantially reduce that dependence." The members of the Sierra Club believe that the long-term solution to U.S. dependence on "foreign oil" is to reduce our dependence on oil. Furthermore, we simply don't want to take the risk that the Arctic Coastal Plain can be opened to oil and gas production without "significant adverse environmental impact[s]" as stated in the resolution.

The members of the Kansas Chapter of the Sierra Club respectfully urge you to pass this resolution out unfavorably to the full Senate. Thank you for your time and attention.



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wildlands

Arctic National Wildlife Refuge



The Arctic National Wildlife Refuge is one of America's greatest natural treasures. The 19 million-acre Refuge in remote northeast Alaska harbors an unparalleled diversity of wildlife in untamed wilderness.

Unfortunately, the area has also been targeted for drilling and industrial development by the oil industry and its allies in Congress. This effort not only ignores clean, energy-efficient solutions in favor of more dirty and dangerous oil, coal and nuclear production -- it also would open the pristine Arctic Refuge to oil and gas development. Read more about the Arctic Refuge in Peril and what's happening now in Congress.

find out more

- [Background on the Arctic](#)
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wildlands

Arctic National Wildlife Refuge

Drilling For Oil in the Arctic National Wildlife Refuge Won't Address National Security or Consumer Needs



For decades, the oil industry and its allies in Congress have targeted the sensitive coastal plain of the Arctic National Wildlife Refuge for oil and gas development. Now they're using the nation's current crisis to forward their efforts, under the guise of

national security. The truth is, the speculative amount of oil that could be had from the coastal plain would not put a dent in our dependence on foreign oil, would do nothing to strengthen our national security, and would not save consumers a dime.

How Much Oil Might the Coastal Plain Really Supply?

Proponents of drilling in the Arctic Refuge claim that massive amounts of oil are to be found underneath the Refuge's fragile coastal plain. They often quote an inflated figure of "technically recoverable oil" that might lie beneath the coastal plain. This is the amount of oil that could be recovered *without any regard to cost*. This figure does not take into account the actual cost of bringing the oil to domestic markets. When economic factors are considered, the mean amount of economically recoverable oil drops to just 3.2 billion barrels. The cost of drilling in the Arctic Refuge is so high, in fact, that the U.S. Geological Service (USGS) says if the price of oil fell to \$16 a barrel, there would actually be NO economically recoverable oil in the coastal plain.¹

Arctic Oil Will Not Strengthen Our National Security...

What do 3.2 billion barrels of oil mean to Americans who are concerned about our dependence on foreign oil, particularly from the Middle East? Consider this: Each day, the United States consumes about 19.5 million barrels of oil, an annual total of about 7 billion barrels each year². Given this rate of consumption, if Arctic oil was our nation's only source, it would fuel America's demand for less than 6 months.

The United States sits on only two percent of the world's total crude oil reserves,³ and currently produces nine percent of the

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world's total oil supply (2.1 billion barrels a year in 1999)⁴. Our consumption of oil grossly outweighs what we produce domestically or are capable of producing in the future. With only five percent of the world's population, the U.S. consumes 26 percent of the world's oil -- seven billion barrels a year ⁵. Even if we drained all the economically recoverable oil from the Arctic Refuge all at once (3.2 billion barrels) and combined it with the amount we produce annually from all other U.S. sources (2.1 billion barrels), we still would not meet one year's U.S. demand for oil (7.1 billion barrels).

At its peak of production, Arctic Refuge oil could supply perhaps one percent of America's energy needs at any given time -- not enough to put a dent in our dependence on foreign oil.



In addition, our critical energy infrastructure -- power plants, pipelines, transmission lines and other facilities that provide us with electricity and gasoline -- are vulnerable. For instance, a local Alaskan man recently fired a gunshot into the Trans-Alaska Pipeline and caused it to leak 300,000 gallons of crude oil into a spruce forest. The 103 nuclear power plants across the country are not built to withstand impact by a commercial jetliner; an explosion at a nuclear plant could spread highly radioactive material -- that remains dangerous for tens of thousands of years -- over a large geographic area.

Drilling in the Arctic Refuge will not move us toward energy dependence, nor will it make us less vulnerable to terrorist attacks. Instead, we need to make wise policy choices that truly eliminate vulnerabilities and ensure that our energy infrastructure and delivery systems are safe and secure.

...Nor Will it Reduce the Price of Oil -- by the Barrel or at the Pump

Regardless of whether oil from the coastal plain would reduce our dependence on foreign oil, total independence from foreign oil would still not affect the price we pay for oil. Even the conservative Cato Institute agrees:

"Even if all the oil we consumed in this country came from Texas and Alaska, every drop of it, assume we didn't import any oil from the Persian Gulf, prices would still be just as high today. And the main reason is that domestic prices will rise to the world price."

-Jerry Taylor, Cato Institute, interview with National Public Radio October 5, 2000

OPEC nations control over 75 percent of the world's oil

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reserves and produce 42 percent of the oil currently consumed throughout the world ⁶. OPEC meets several times a year to agree on production levels. This collusion of oil powers sets the worldwide price for all oil, based on simple supply and demand principles. They have the majority of the supply and we have the majority of demand. Thus the U.S., because of its minimal oil reserves and small contribution to the world market, cannot affect the world price of oil through domestic production alone.

Even if drilling our way to energy independence were the answer, Americans who are concerned about reducing their prices at the gas pump would have a long wait if they're looking to Arctic oil. The oil and gas industry itself estimates that oil from the Arctic Refuge would not be available for at least seven to ten years, due to the complicated nature of leasing, exploration and infrastructure construction.

How Can We Address America's Growing Energy Needs?

Since we cannot meet our own demand for oil with domestic supplies, we must find ways to curb demand. And this doesn't mean austere conservation measures or expensive new technology for the average American. Fully two-thirds of America's demand for oil is generated by transportation (cars, sport utility vehicles, heavy trucks, jets, etc.). Therefore, the biggest single step we can take to reduce our dependence on oil is to make cars and trucks go farther on a gallon of gas.

As a first step, we can require SUVs to meet the same miles per gallon standard as cars. Currently, federal regulations require that cars be manufactured so as to go at least 27.5 miles per gallon of gasoline, while ultra-popular SUVs only have to go 20.7. According to the Union of Concerned Scientists, raising the standard for SUVs would save one million barrels of oil a day. In a 10-year period -- the same amount of time it would take to bring Arctic Refuge oil to the lower 48 States -- we could save 3.65 billion barrels of oil. That is more than the most likely total amount of economically recoverable oil in the coastal plain. Plus, these reductions in demand would last far longer than ten years, and would save consumers a bundle at the gas pump -- \$45 billion a year!

The Bottom Line

America must find simple ways to cut our dependence on oil -- whether foreign or domestic. Our nation needs a comprehensive energy policy based on conservation, alternative energy sources, and improved efficiency standards -- such as making our cars go farther on a gallon of gas. Such a strategy will decrease our dependence on oil, reduce pollution, and spare natural treasures like the Arctic National Wildlife Refuge for future generations to enjoy.

We need an honest, balanced energy plan that gives us cleaner, cheaper and safer energy solutions. We can have clean energy and a healthy environment for our families, for our future.

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- **Quicker** - Increasing energy efficiency technology and fuel efficiency will decrease our energy use. Research to develop efficient cars and investment in mass transportation, combined with cycle natural gas plants can begin saving energy and reducing pollution from old, dirty and inefficient plants by next year.
- **Cleaner** - By choosing energy options such as solar, wind and energy-efficient technologies, we can protect our clean air, clean water and climate.
- **Cheaper** - Not only do we save energy by using more efficient appliances and technologies, such as compact fluorescent light bulbs, but raising fuel economy standards for cars, SUVs and other light trucks will save consumers \$45 billion a year at the gas pump.
- **Safer** - An energy plan that provides a strong balance of efficiency, renewable energy and cleaner natural gas production is safer for our public health and environment.

[read more](#)

Crude Behavior: A Sierra Club Report on the Oil Industry's Influence Over America's Energy Policy.

Endnotes:

1 USGS 1002 Area Petroleum Assessment, 1998

2 Annual Energy Review 1999, Table 5.1, Energy Information Administration, U.S. Department of Energy

3 Energy Information Administration, "International Energy Annual 1999," Table 8.1

4 Department of Energy, EIA's Annual Energy Review 1999, Table 11.4

5 Department of Energy, EIA, Annual Energy Review 1999, Table 11.9

6 Dept. of Energy, EIA

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